

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Carl W. Mosher

**SUBJECT: FUNDING PROGRAM FOR
ENERGY PROJECTS IN CITY
BUILDINGS**

DATE: 2-2-05

Approved

Kay Winer

Date

2/4/05

RECOMMENDATION

It is recommended that Council accept this report on the establishment of a funding program for energy projects in City buildings

BACKGROUND

At the November 30, 2004 Council meeting, the 2004-05 Action Plan of the Sustainable Energy Policy was accepted by Council. Staff was also directed to return to Council in January 2005 with a status update on a proposed Sustainable Energy Revolving Loan Fund.

ANALYSIS

As part of the adopted 2004-05 Action Plan for the City's Sustainable Energy Policy, a Sustainable Energy Revolving Loan Fund was initially proposed to establish a source of funding for energy efficiency improvements in City facilities, thus saving both energy and cost within annual operating and maintenance activities.

An energy audit of twenty-four municipal facilities conducted by Kema-Xenery, Inc. in 2003 identified a variety of energy efficiency improvement projects for those facilities, including lighting retrofits, HVAC equipment adjustments, replacement of water service fixtures and occupancy sensors. A matrix of eighteen facilities with energy projects with a five-year or less payback was developed based on the audit results (attached).

To provide a sustainable source of funding for cost effective energy projects in City facilities, it is recommended that a City of San Jose City Buildings Energy Projects Program (C-BEPP) be established. An initial investment for FY 2004-05 of \$109,630 based on recommendations made in the audit is being proposed, with funding in the amount of \$50,000 to be derived from the San Jose-Santa Clara Treatment Plant Income Fund and the remaining \$59,630 to be funded by

various Capital Funds. The Treatment Plant Income Fund is anticipating the receipt of revenue from a deposit made by PG&E in a condemnation action to acquire Water Pollution Control Plant lands for the Los Esteros substation. San Jose's share of this revenue (approximately 65%) will be available for unrestricted uses if all Treatment Plant costs for the year have been fully funded. Once the PG&E revenue is received and a Treatment Plant budget assessment can be made, it is anticipated that there will be sufficient revenue to provide the \$50,000 in funding to the C-BEPP. At that time, corresponding appropriation actions to fund the C-BEPP will be brought to Council for approval.

The concept for the C-BEPP involves the following:

- Annual identification of energy projects at City facilities where there are clearly identified annual energy operation and maintenance reductions.
- Proposed energy projects will have a less than five (5) year payback period.
- Reports on the proposed projects will be included as part of the annual report on the Sustainable Energy Policy. A tracking system will be established to monitor energy savings within the identified facilities.

COORDINATION

This report was coordinated with the City Departments of Environmental Services, General Services, City Manager's Budget Office and the Attorney's Office.

COST IMPLICATIONS

This proposal is consistent with the Mayor's March 2004 Budget Message by focusing on:

- Protecting our vital core city services (Environmental and Utility Services: Clean and Green Air, Land and Energy Resources).
- Exploring new revenue sources.
- Continuing to streamline, innovate and simplify our operations so that we can deliver services at a higher quality level with better flexibility and at a lower cost.
- Emphasizing prevention and expenditures that reduce costs to the City and our community.

Within the Mayor's June 2004 Budget message, the City Manager was directed to implement an aggressive capital maintenance effort to reduce ongoing operation and maintenance costs. This

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proposal is also consistent with the October 12, 2004 City Budget Policies and Practices by focusing on:

- Performance and Productivity: Employing good management practices to pursue activities such as energy conservation.

BUDGET REFERENCE

No budget actions are recommended at this time.

CEQA

Not a project.

A handwritten signature in dark ink, appearing to read 'Carl W. Mosher', followed by a horizontal line.

CARL W. MOSHER

Director, Environmental Services Department

Attachment:

PROJECTS WITH A 5 YEAR OR LESS PAYBACK

FACILITY NAME	~ SQ. FT.	COUNCIL DISTRICT	Total cost of energy project	Annual Savings	Simple payback	PG&E rebate
Art Museum	60,000	3	\$ 29,172	\$ 20,442	1.4	\$ 4,210
Santa Teresa Library	13,860	2	\$ 1,573	\$ 356	4.4	\$ 140
East Branch Carnegie Library	7,281	3	\$ 3,618	\$ 796	4.5	\$ 276
Calabazas Library	5,880	1	\$ 1,888	\$ 358	5.3	\$ 107
	27,021		\$ 7,079	\$ 1,510	4.7	\$ 523
Mabury Yard	36,800	3	\$ 19,914	\$ 16,304	1.2	\$ 2,319
Evergreen Community Center	8,000	8	\$ 2,686	\$ 11,611	0.2	\$ 252
Saint James Community Ctr	16,150	3	\$ 11,405	\$ 2,831	4.0	\$ 1,856
Roosevelt Community Ctr	7,300	3	\$ 5,491	\$ 2,173	2.5	\$ 737
Hank Lopez Community Ctr	8,700	5	\$ 2,774	\$ 1,048	2.6	\$ 437
	40,150		\$ 22,356	\$ 17,663	1.3	\$ 3,282
Fire Station # 3	13,731	7	\$ 3,148	\$ 2,042	1.5	\$ 341
Fire Station # 6	5,662	6	\$ 4,035	\$ 1,631	2.5	\$ 506
Fire Station # 8	2,476	3	\$ 2,462	\$ 861	2.9	\$ 152
Fire Station # 9	6,246	9	\$ 5,144	\$ 2,645	1.9	\$ 689
Fire Station # 11	2,090	8	\$ 2,481	\$ 1,262	2.0	\$ 249
Fire Station # 15	2,736	1	\$ 3,561	\$ 928	3.8	\$ 429
Fire Station # 19	2,508	4	\$ 1,797	\$ 895	2.0	\$ 173
Fire Station # 22	2,897	10	\$ 2,501	\$ 968	2.6	\$ 193
Fire Station # 29	19,646	4	\$ 5,980	\$ 5,013	1.2	\$ 462
	57,992		\$ 31,109	\$ 16,245	1.9	\$ 3,194
	185,163		\$109,630	\$ 72,164	1.5	\$ 13,528